NGK SPARK PLUG CO., LTD. October 30, 2015

Quarterly Consolidated Financial Statements in accordance with Japanese GAAP for the six months ended September 30, 2015

URL : http://www.ngkntk.co.jp
Stock listing : Tokyo 1st section, Nagoya 1st section
Code number : 5334
Head office : 14-18 Takatsuji-cho, Mizuho-ku, Nagoya, 467-8525, Aichi, Japan
Representative : Shinichi Odo, President

Quarterly financial results highlights

	Billions of yen					
	Three months ended					
	2014			2015		
	Jun.30	Sep.30	Dec. 31	Mar.31	Jun.30	**Sep.30**
For the three months:						
Net sales	84.6	84.4	88.9	89.8	94.0	**97.9**
Operating income	15.1	14.2	17.3	15.6	17.6	**16.4**
Ordinary income	15.6	17.2	20.3	14.9	19.2	**14.6**
Profit attributable to owners of parent	10.1	6.2	13.4	7.0	12.5	**0.1**
Sales by industry segments:						
Spark & glow plugs	41.5	42.3	44.6	44.1	44.1	**49.4**
Automotive sensors	29.7	28.7	30.5	31.4	33.2	**33.0**
Automotive components	71.2	71.0	75.2	75.5	77.4	**82.4**
Semiconductor	6.6	7.2	7.6	8.0	9.9	**9.6**
Ceramics	5.3	5.3	5.1	5.1	5.6	**5.1**
Technical ceramics	12.0	12.5	12.7	13.1	15.5	**14.7**
	Percent					
Operating income ratio:						
Consolidated	17.8	16.8	19.5	17.4	18.7	**16.7**
By industry segments:						
Automotive components	24.5	22.5	23.9	22.6	23.3	**21.2**
Semicondutor	(38.3)	(26.2)	(12.2)	(19.4)	(7.4)	**(10.6)**
Ceramics	3.0	2.9	5.7	2.6	4.9	**(0.7)**
Technical ceramics	(19.9)	(14.0)	(5.0)	(10.8)	(2.9)	**(7.2)**
	Yen					
Actual exchange rate:						
Yen - U.S. dollar	102	104	115	119	121	**122**
Yen - Euro	140	138	143	134	134	**136**

Forecast for the fiscal year ending March 31, 2016

	Forecast of fiscal year ending March 31, 2016					(Reference) Fiscal year ended March 31, 2015
	Automotive components	Technical ceramics: Semiconductor	Technical ceramics: Ceramics	Others	Consolidated	
	Millions of yen					
Net Sales	326,740	38,510	21,690	4,560	391,500	347,636
Operating income	70,720	(3,450)	730	0	68,000	62,196
Ordinary income					69,500	67,907
Profit attributable to owners of parent					36,000	36,753
Depreciation	14,677	1,008	907	8	16,600	13,337
Capital expenditure	47,824	9,496	4,180	0	61,500	36,372
					Yen	
Net income per share (Basic)					165.42	168.88
Dividend per share					42.00	36.00

Note 1: The above forecast is revised from the one disclosed on May 8, 2015
2: Assumed exchange rates in the latter half of this fiscal year are;
1 U.S. dollar = 115 Yen 1 Euro = 130 Yen

Reason for the revision:

Profit attributable to owners of parent is expected to fall short of the previous forecast released on May 8, 2015, owing to reasons such as the settlement for 14,837 million yen which was recognized as extraordinary loss in the second quarter. Therefore, we revise our forecast for this fiscal year as above.

Disclaimer statements:

The above forecast is based on information available at the time of this announcement. Therefore, we cannot guarantee accuracy and completeness of the forecast due to various factors.

Quarterly Consolidated Balance Sheets
September 30, 2015 and March 31, 2015

	Millions of yen	
	March 31, 2015	**September 30, 2015**
Assets		
Current assets		
Cash and deposits	38,708	**44,522**
Notes and accounts receivable-trade	68,514	**77,482**
Short-term investment securities	62,839	**32,749**
Inventories	78,379	**85,165**
Deferred tax assets	12,679	**12,702**
Other	12,549	**13,072**
Allowance for doubtful accounts	(387)	**(477)**
Total current assets	273,284	**265,217**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	50,775	**53,107**
Machinery, equipment and vehicles, net	54,718	**62,249**
Land	18,082	**20,128**
Construction in progress	13,448	**17,929**
Other, net	3,043	**3,387**
Total property, plant and equipment	140,068	**156,802**
Intangible assets		
Goodwill	-	**14,940**
Software	3,131	**3,638**
Other	288	**4,901**
Total intangible assets	3,420	**23,479**
Investments and other assets		
Investment securities	65,714	**60,837**
Deferred tax assets	867	**804**
Other	2,270	**1,966**
Allowance for doubtful accounts	(127)	**(127)**
Total investments and other assets	68,724	**63,480**
Total noncurrent assets	212,213	**243,762**
Total assets	485,497	**508,980**

	Millions of yen	
	March 31, 2015	**September 30, 2015**
Liabilities		
Current liabilities		
Accounts payable-trade	25,239	**26,761**
Short-term loans payable	668	**11**
Current portion of bonds	15,000	**-**
Lease obligations	187	**193**
Income taxes payable	7,782	**4,577**
Other	30,456	**50,079**
Total current liabilities	79,334	**81,624**
Noncurrent liabilities		
Bonds payable	25,000	**25,000**
Long-term loans payable	5,000	**24,859**
Lease obligations	298	**272**
Net defined benefit liability	24,012	**24,870**
Deferred tax liabilities	7,129	**8,149**
Other	1,343	**1,379**
Total noncurrent liabilities	62,783	**84,532**
Total liabilities	142,117	**166,156**
Net assets		
Shareholders' equity		
Capital stock	47,869	**47,869**
Capital surplus	54,824	**54,824**
Retained earnings	223,135	**231,847**
Treasury stock	(7,640)	**(7,644)**
Total shareholders' equity	318,189	**326,896**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	30,297	**26,972**
Foreign currency translation adjustment	(4,017)	**(9,854)**
Remeasurements of defined benefit plans	(3,496)	**(3,247)**
Total valuation and translation adjustments	22,782	**13,870**
Non-controlling interests	2,407	**2,056**
Total net assets	343,380	**342,823**
Total liabilities and net assets	485,497	**508,980**

Quarterly Consolidated Statement of Operations for the Six Months Ended September 30, 2014 and 2015

	Millions of yen	
	2014	**2015**
Net sales	169,004	**191,997**
Cost of sales	110,090	**123,428**
Gross profit	58,914	**68,568**
Selling, general and administrative expenses	29,636	**34,597**
Operating income	29,277	**33,971**
Non-operating income		
Interest income	701	**960**
Dividends income	584	**652**
Equity in earnings of affiliates	638	**-**
Foreign exchange gains	1,361	**-**
Other	986	**860**
Total non-operating income	4,272	**2,472**
Non-operating expenses		
Interest expenses	216	**166**
Equity in losses of affiliates	-	**88**
Foreign exchange losses	-	**1,833**
Depreciation of inactive noncurrent assets	95	**109**
Other	487	**485**
Total non-operating expenses	799	**2,682**
Ordinary income	32,750	**33,761**
Extraordinary income		
Gain on sales of property, plant and equipment	50	**36**
Total extraordinary income	50	**36**
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	184	**207**
Loss on valuation of investment securities	16	**-**
Loss on violation of antitrust law	5,687	**-**
Settlement	-	**14,837**
Total extraordinary losses	5,888	**15,044**
Income before income taxes and minority interests	26,912	**18,753**
Income taxes-current	9,213	**4,257**
Income taxes-deferred	1,214	**1,719**
Total income taxes	10,428	**5,977**
Profit	16,484	**12,776**
Profit attributable to non-controlling interests	148	**147**
Profit attributable to owners of parent	16,335	**12,628**
	Yen	
Net income per share		
- Basic	75.06	**58.03**
- Diluted	-	**-**

Consolidated Statements of Comprehensive Income for the Six Months Ended September 30, 2014 and 2015

	Millions of yen	
	2014	**2015**
Profit	16,484	**12,776**
Other comprehensive income		
Valuation difference on available-for-sale securities	1,776	**(3,320)**
Foreign currency translation adjustment	2,874	**(5,751)**
Remeasurements of defined benefit plans	256	**249**
Share of other comprehensive income of associates accounted for using equity method	310	**(405)**
Total other comprehensive income	5,218	**(9,227)**
Comprehensive income	21,702	**3,549**
Comprehensive income attributable to		
owners of the parent	21,462	**3,716**
non-controlling interests	239	**(166)**

Quarterly Consolidated Statements of Cash Flows for the Six Months Ended September 30, 2014 and 2015

	Millions of yen	
	2014	**2015**
Net cash provided by operating activities		
Income before income taxes and non-controlling interests	26,912	**18,753**
Depreciation and amortization	6,328	**7,319**
Decrease in net defined benefit liability	(173)	**(180)**
Interest and dividends income	(1,285)	**(1,612)**
Interest expenses	216	**166**
Equity in losses (earnings) of affiliates	(638)	**88**
Loss on disposal of noncurrent assets	133	**170**
Loss on valuation of investment securities	16	**-**
Decrease in notes and accounts receivable-trade	716	**203**
Increase in inventories	(3,247)	**(1,501)**
Decrease in notes and accounts payable - trade	(2,008)	**(71)**
Other, net	4,769	**14,742**
Subtotal	31,740	**38,077**
Interest and dividends income received	1,128	**1,850**
Interest expenses paid	(185)	**(176)**
Income taxes paid	(15,484)	**(7,185)**
Net cash provided by operating activities	17,199	**32,566**
Net cash used in investment activities		
Net (increase) decrease in time deposits	757	**(658)**
Net decrease in short-term investment securities	7,887	**7,831**
Purchase of property, plant and equipment	(19,049)	**(17,038)**
Purchase of intangible assets	(364)	**(516)**
Purchase of investment securities	(1,405)	**(202)**
Proceeds from sales and redemption of investment securities	4,400	**6,103**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	**(37,619)**
Other, net	20	**537**
Net cash used in investment activities	(7,752)	**(41,564)**
Net cash used in financing activities		
Net decrease in short-term loans payable	(287)	**(668)**
Proceeds from long-term loans payable	-	**19,848**
Redemption of bonds	(10,000)	**(15,000)**
Purchase of treasury stock	(26)	**(4)**
Cash dividends paid	(3,262)	**(3,916)**
Other, net	(328)	**(320)**
Net cash used in financing activities	(13,905)	**(62)**
Effect of exchange rate change on cash and cash equivalents	1,338	**(729)**
Net decrease in cash and cash equivalents	(3,121)	**(9,789)**
Cash and cash equivalents at beginning of period	68,966	**75,540**
Cash and cash equivalents at end of period	65,845	**65,750**

Segment information

Information about sales and segment income (loss) by reportable segments

	Reportable segments								
	Automotive components	Technical ceramics			Total	Others	Total	Adjustment	Consolidated
		Semiconductor	Ceramics	Total					
	Millions of yen								
Six months ended September 30, 2014									
Net sales	142,163	13,872	10,578	24,451	166,614	2,389	169,004	-	169,004
Segment income (loss)	33,366	(4,438)	310	(4,127)	29,238	38	29,277	-	29,277
Six months ended September 30, 2015									
Net sales	**159,776**	**19,472**	**10,751**	**30,224**	**190,000**	**1,996**	**191,997**	**-**	**191,997**
Segment income (loss)	**35,551**	**(1,755)**	**245**	**(1,510)**	**34,040**	**(69)**	**33,971**	**-**	**33,971**

Note 1: “Others” represents businesses such as Material Sales, Welfare Program Service and Transportation, which are not included in reportable segments.
Note 2: Segment income (loss) is adjusted to Operating income (loss) of “Quarterly Consolidated Statement of Operations”.
Note 3: We acquired NIHON CERATEC Co., Ltd. and made it into our subsidiary on April 1 2015. Its sales and income are included in Semiconductor and Ceramics in the above segment information.
Note 4: We acquired Wells Vehicle Electronics Holdings Corp. (formerly UCI Acquisition Holdings (No.2) Corp.) and its subsidiaries, and made them into our subsidiaries on July 1 2015. Their sales and income are included in Automotive components in the above segment information.